

Message Text

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PAGE 01 OTTAWA 04237 132056Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 L-03 H-02 PA-02 PRS-01 /101 W

----- 127590

R 132027Z NOV 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 8024

UNCLAS OTTAWA 4237

E.O. 11652: N/A

TAGS: EFIN, CA

SUBJ: FIRST SUPPLEMENTAL ESTIMATES FOR FY 75/76

1. TREASURY BOARD PRESIDENT JEAN CHRETIEN TABLED IN
PARLIAMENT ON NOV 12 FIRST SUPPLEMENTARY ESTIMATES FOR
FY 75-76, AMOUNT TO C\$1,751 MILLION.

2. TEXT OF TREASURY BOARD NEWS RELEASE ON SUPPLEMENTARY
ESTIMATES AS FOLLOWS:

BEGIN QUOTE. FIRST SUPPLEMENTARY ESTIMATES FOR THE FISCAL
YEAR 1975-76, AMOUNTING TO \$1,751 MILLION, WERE TABLED
TODAY IN THE HOUSE OF COMMONS BY THE HON. JEAN
CHRETIEN, PRESIDENT OF THE TREASURY BOARD.
OF THIS TOTAL, ABOUT \$200 MILLION REPRESENT NEW PROGRAMS
INTRODUCED SINCE TABLING OF MAIN ESTIMATES LAST FEBRUARY.
THE NEW PROGRAMS ARE THE SPECIAL EMPLOYMENT MEASURES
CONTAINED IN THE JUNE BUDGET (\$144 MILLION) AND THE
SPOUSES' ALLOWANCE (\$45 MILLION) APPROVED BY PARLIAMENT
UNDER THE OLD AGE SECURITY ACT.

ALMOST ALL OF THE REMAINDER IS THE RESULT OF
HIGHER-THAN-ESTIMATED COSTS OF PROGRAMS INCLUDED IN
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PAGE 02 OTTAWA 04237 132056Z

1975-76 MAIN ESTIMATES. THE MAJOR ADJUSTMENTS TO

EARLIER ESTIMATES UNDER EXISTING STATUTES INCLUDE INTEREST ON PUBLIC DEBT (\$200 MILLION), HOSPITAL INSURANCE AND MEDICARE (\$128 MILLION) AND PAYMENTS UNDER THE RAILWAY ACT (\$85 MILLION).

THE MAJOR INCREASED BUDGETARY EXPENDITURES FOR WHICH PARLIAMENTARY APPROVAL IS SOUGHT ARE \$385 MILLION TO COVER PRICE AND SALARY INCREASES OF NATIONAL DEFENCE AND \$100 MILLION FOR SALARY INCREASES ARISING OUT OF COLLECTIVE BARGAINING AGREEMENTS.

THESE SUPPLEMENTARY ESTIMATES BRING TOTAL ESTIMATES FOR 1975-76 TO \$31.3 BILLION.

MR. CHRETIEN SAID: "WHEN I TABLED THE MAIN ESTIMATES FOR 1975-76 LAST FEBRUARY I SAID I WAS DETERMINED TO HOLD THE RATE OF GROWTH OF EXPENDITURES THIS YEAR OVER 1974-75 TO AROUND 15 PERCENT, BARRING A VERY UNUSUAL CIRCUMSTANCE. I AM STILL CONFIDENT THAT WE WILL REMAIN WITHIN THAT TARGET." END QUOTE.

3. IN RELATED COMMENTS ON GOC FINANCIAL REQUIREMENTS FOR THE FISCAL YEAR, FINMIN MACDONALD ON NOVEMBER 12 TOLD FINANCIAL POST'S "CONFERENCE ON INSTITUTIONAL INVESTING IN CANADA" THAT SOME FINANCIAL ANALYSTS WHO WERE PREDICTING HUGE INCREASES IN THE FEDERAL GOVERNMENT'S CASH REQUIREMENTS WERE WRONG. HE SAID, "... THE JUNE BUDGET ANTICIPATED A TOTAL (CASH) REQUIREMENT OF SOMEWHAT MORE THAN \$5 BILLION. RECENTLY THERE HAVE BEEN SOME RATHER WILD PROJECTIONS THAT THIS AMOUNT WOULD BE EXCEEDED BY SOME BILLIONS OF DOLLARS.

"THESE PROJECTIONS APPARENTLY HAVE BEEN BASED ON A COMPARISON OF MONTHLY GOVERNMENT REVENUE AND OUTLAY FIGURES TO DATE THIS YEAR WITH THE SAME PERIOD LAST YEAR. FOR A VARIETY OF REASONS, SUCH COMPARISONS BETWEEN THE TWO PERIODS TEND TO BE QUITE MISLEADING ON BOTH THE REVENUE AND EXPENDITURE SIDE. OUR OWN PROJECTIONS ARE CONSTANTLY BEING REVISED TO TAKE ACCOUNT OF ANY NUMBER OF CHANGING FACTORS OVER THE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 04237 132056Z

COURSE OF THE YEAR AND I DO NOT SEE ANY PURPOSE TO BE SERVED AT THIS POINT IN ATTEMPTING TO MAKE A NEW FORECAST. RIGHT NOW, HOWEVER, OUR BEST JUDGMENT IS THAT ACTUAL CASH REQUIREMENTS FOR THIS FISCAL YEAR WILL BE WITHIN THE RANGE OF \$5 BILLION TO \$6 BILLION. NOR DO WE EXPECT THAT OUR CASH REQUIREMENTS WILL PUT UNDUE PRESSURE ON THE CAPITAL MARKET..." JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLEMENTAL BUDGET, GOVERNMENT EXPENDITURES, PRESS RELEASES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OTTAWA04237
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750396-0471
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751146/aaaaboza.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 23 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 OCT 2003 by chicheje>; APPROVED <13 FEB 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FIRST SUPPLEMENTAL ESTIMATES FOR FY 75/76
TAGS: EFIN, CA, (CHRETIEN, JEAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006